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Review of the efficiency of the administrative and financial functioning of the United Nations

Proposed programme budget outline for the biennium 2008-2009

Report of the Secretary-General

Summary

In its resolution 41/213 of 19 December 1986, the General Assembly, inter alia, requested the Secretary-General to submit, in off-budget years, an outline of the proposed programme budget for the following biennium. Accordingly, the outline for the biennium 2008-2009 is hereby submitted. The level of the contingency fund for the biennium 2008-2009 is recommended to be adjusted by 0.6 per cent from 0.75 per cent to a level of 1.35 per cent of the overall level of the proposed programme budget outline.

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I. Introduction

1. In accordance with the provisions of annex I to General Assembly resolution 41/213 of 19 December 1986, the Secretary-General submits, in off-budget years, an outline of the programme budget for the following biennium, which should contain an indication of the following:

(a) Preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;

(b) Priorities, reflecting general trends of a broad sectoral nature;

(c) Real growth, positive or negative, compared with the previous budget;

(d) Size of the contingency fund expressed as a percentage of the overall level of resources.

The outline for the biennium 2008-2009 is hereby submitted.

II. Preliminary estimate of resources needed to accommodate the proposed programme of activities during the biennium

2. In establishing a preliminary estimate of resources for the biennium 2008-2009, the approved level of appropriations and related commitments, namely $3,839.5 million, was taken as the starting point. These existing provisions consist of (a) the initial appropriation of $3,798.9 million; (b) subsequent additional appropriations of $31.0 million approved by the General Assembly for the funding of special political missions, and the implementation of reform proposals contained in documents A/60/846 and Add.1-4; and (c) subsequent commitments of $9.6 million authorized by the General Assembly for the Human Rights Council and for additional office accommodation in Geneva for the Office of the United Nations High Commissioner for Human Rights. The preliminary estimate, expressed in 2006-2007 prices, has been arrived at as follows:

Proposed programme budget outline for the biennium 2008-2009		*Millions of United States dollars*
Appropriations for 2006-2007[a]		3 839.5
Plus: Full provision for new posts approved in 2006-2007 (para. 3)	31.5	
Less: One-time costs in 2006-2007 (para. 4)	(46.3)	
Plus: Provision for new or expanded activities/events foreseen and/or mandated in 2008-2009 (para. 5)	29.2	
Changes		**14.4**
Subtotal		**3 853.9**
Additional provision required for special political missions at the current programme level		**284.6**
Preliminary estimate for established activities 2008-2009		**4 138.5**

[a] Includes the initial appropriation (General Assembly resolution 60/247 A-C), subsequent revised appropriations (General Assembly resolution 60/281, General Assembly resolution 60/283) and commitments approved by the General Assembly (A/60/608/Add.5 and A/60/721).

A. Full provision for new posts

3. In its resolution 59/278 of 23 December 2004, the General Assembly endorsed the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/59/415) on the proposed programme budget outline, including, inter alia, the continuation of the practice of costing provisions for new posts at 50 per cent for the Professional level and above and 65 per cent for the General Service and related categories. Consequently, the full biennial provision in 2008-2009 for those posts that were newly established in the biennium 2006-2007 and at present are only partially funded in the biennium 2006-2007 would require an additional $31.5 million in the biennium 2008-2009. This additional provision is required to maintain the regular budget established post staffing table at the same level of posts as has been already approved for the biennium 2006-2007.

B. One-time costs in the biennium 2006-2007

4. One-time costs in the biennium 2006-2007 amounting to $46.3 million would not be required. Such provisions, which were included and approved in the context of the consideration of the proposed programme budget, amount to $19.1 million, mainly relating to construction, alteration and improvement costs associated with security projects, technological improvements to the printing plant at the United Nations Office at Geneva, and the establishment of infrastructure for the United Nations enterprise network. One-time costs were also approved for the biennium 2006-2007 in the context of a number of revised estimates submitted by the Secretary-General subsequent to the preparation of the proposed programme budget. Related resources, amounting to $15.5 million, mainly consist of non-recurrent provisions approved for the construction of additional office facilities at the Economic Commission for Africa (ECA) in Addis Ababa, and for the implementation of the 2005 World Summit Outcome. Other one-time costs, totalling $11.7 million, relate to various programme budget implications approved for the biennium 2006-2007, including conference servicing provisions for the Committee on the Elimination of Discrimination against Women. For the purpose of the present report, all costs provided in the biennium 2006-2007 for special political missions have been treated as being of a recurrent nature, consistent with the recommendation of the Advisory Committee that the methodology should reflect the recurrent nature of the provision.[1]

C. Provision for programme changes in the biennium 2008-2009

5. During the biennium 2008-2009, resources are foreseen to strengthen human rights and humanitarian assistance, the economic and social sector, humanitarian activities, as well as the United Nations Office at Nairobi. Preliminary estimates also include estimated requirements for the implementation of International Public Sector Accounting Standards, and for the establishment of a crisis management capacity within the Department of Safety and Security. Relevant estimated requirements are also included for the holding of the twelfth session of the United

[1] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 7* (A/60/7), para. 40.

Nations Conference on Trade and Development, for preparatory work related to the Twelfth United Nations Congress on Crime Prevention and Criminal Justice, and for public information support related to the holding of other conferences and meetings in the next biennium. As a result of the strengthening of these areas, projected requirements amounting to a 0.8 per cent growth of programme resources, or $29.2 million, are foreseen as needs for the biennium 2008-2009.

6. The present estimates do not take into account adjustments to requirements that may arise following forthcoming General Assembly review of approaches and alternatives as detailed in a number of critical reports to be considered during the course of the sixty-first session of the Assembly. These areas include the implementation of a next-generation enterprise resource planning system, after service health insurance, United Nations oversight and governance, and enhancing the role of the subregional offices of ECA. At its sixty-first session, the General Assembly will also consider a report prepared pursuant to resolution 60/246 of 23 December 2005, in which the Secretary-General was requested to submit recommendations on how resources could be added to the Development Account (A/61/282). Decisions on these issues, as well as on reform proposals for the expansion of training, and any related implications for outline provisions for 2008-2009, would be considered by the Assembly at its sixty-first session in accordance with established practice.

7. As regards the ongoing review of oversight and governance, decisions taken in this context may lead to the introduction of different procedures for part IX, Internal oversight, of the programme budget. As no new arrangements have been approved at this time, part IX has been dealt with and presented in the traditional manner. However, provision has been made for real growth under this part of the programme budget at a level of 0.6 per cent, exceeding the overall real growth of 0.4 per cent for regular budget established activities.

D. Special political missions

8. Requirements for the funding of special political missions have significantly increased in recent years. In the bienniums 2004-2005 and 2006-2007, provisions proposed in the context of the programme budget outline amounted to $110.2 million and $180 million, respectively. Taking into account the expansion of special political requirements and the recommendations of the Advisory Committee on the proposed programme budget outline for 2006-2007 (A/59/600), the General Assembly initially authorized some $356 million to be available in the biennium 2006-2007 to provide funding for such special political missions as might be authorized by the Assembly and the Security Council. This provision was subsequently adjusted by the General Assembly in resolutions 60/255 of 8 May 2006 and 60/281 of 30 June 2006, resulting in an increase of $17.4 million to provide total resources for special political missions for the year 2006 in the amount of $373.4 million. It is estimated that full biennial provision in 2008-2009 for special political missions currently existing in the biennium 2006-2007 would amount to $658.0 million. While the present composition of special political missions will change somewhat in the biennium 2008-2009, it is not anticipated that the overall level will trend downwards. The maintenance of the initial provision of $373.4 million for the biennium 2006-2007 would seriously and materially underestimate likely requirements as it would provide only slightly more than half

of currently anticipated biennial requirements. Accordingly, an increase of $284.6 million is included in the outline estimate, which would provide funding for special political missions at a level of $658.0 million in the biennium 2008-2009.

E. Summary

9. The preparation of detailed programme budget proposals for 2008-2009 will maintain a focus on ensuring resources are committed in support of accomplishments expected for the period and objectives established by Member States. Budget preparation will continue to include a detailed review of programme outputs to ensure their contribution and relevance, under approved strategies, for the fullest possible achievement of expected accomplishments consistent with the application of regulation 5.6 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. Thus, the budget proposals will reflect the benefit of further reviews of possible obsolete activities, additional cost-effective measures and simplified procedures.

10. The outline requirements would be subject in due course to recosting to biennium 2008-2009 costs. Such a recosting exercise will reflect, inter alia, changes owing to both inflation and exchange rates. Experience has proven that exchange rates cannot be reliably predicted for the time periods involved. However, inflation adjustments may be more closely approximated at this stage and would extend to about $235.0 million on the assumption of cumulative annual inflation rates of 2.8 per cent prevailing through 2009. Accordingly, total requirements for the biennium 2008-2009 adjusted for inflation, but not yet for exchange rates, would amount to $4,373.5 million.

III. Priorities reflecting general trends of a broad sectoral nature

11. In the proposed strategic framework for the period 2008-2009,[2] the following priorities were proposed: maintenance of international peace and security; promotion of sustained economic growth and sustainable development in accordance with relevant General Assembly resolutions and recent United Nations conferences; development of Africa; promotion of human rights; effective coordination of humanitarian assistance efforts; promotion of justice and international law; disarmament; and drug control, crime prevention and combating international terrorism in all its forms and manifestations. **It is proposed that the programme budget for the biennium 2008-2009 should also manifest these priorities.** The proposed distribution of resources by parts of the budget is shown in the annex.

[2] A/61/6 (Prog. 1-20).

IV. Real growth compared with the previous budget

12. **The preliminary estimate ($3,480.5 million), before inclusion of special political missions, represents an increase of $14.4 million, or 0.4 per cent, compared with the approved appropriations and related provisions for the biennium 2006-2007. Once account is taken of the full inclusion of required provisions for special political missions, the total preliminary estimate of $4,138.5 million would represent an increase of $299.0 million, or 7.8 per cent, compared with existing provisions for the biennium 2006-2007.**

V. Size of the contingency fund

13. The size of the contingency fund was set at 0.75 per cent of the overall level of resources for the first outline and for all subsequent ones. However, the experience of recent bienniums reflects the increasing occurrence of situations where potential charges exceed the balance available within the contingency fund. In December 2003, in the absence of formal decisions on programme budget implications and revised estimates under consideration, the Secretary-General proposed a number of adjustments in the context of the related consolidated statement issued at that time. Following consideration of the consolidated statement, General Assembly action on the related programme budget implications and revised estimates avoided the potential exhaustion of the fund prior to the start of the 2004-2005 biennium. In the current biennium, it has not proved possible to provide for such additional requirements through curtailment or deferral of activities, or through the redeployment of resources from low-priority areas. Instead, it has been necessary for additional amounts to be appropriated for the biennium 2006-2007 in excess of the remaining balance in the contingency fund. **Accordingly, the General Assembly may wish to take into account this recent experience in establishing the contingency fund for the biennium 2008-2009 at a level that would provide for those additional expenditures which the fund would be expected to bear during the period in accordance with General Assembly resolution 41/213. It is recommended that the level be adjusted upwards by 0.6 per cent from 0.75 per cent to a level of 1.35 per cent, or $55.9 million, for the biennium 2008-2009.**

Annex

Preliminary indicative estimates for the biennium 2008-2009

(Millions of United States dollars)

Expenditures by part of programme budget	*2006-2007 appropriation*[a]	*Resource change*		*Total*
		Amount	*Percentage*	
I. Overall policymaking, direction and coordination	667.4	(4.7)	(0.7)	662.7
II. Political affairs (not including special political missions)	196.5	3.0	1.5	199.5
III. International justice and law	77.3	0.4	0.5	77.7
IV. International cooperation for development	372.2	1.0	0.3	373.2
V. Regional cooperation for development	425.7	2.0	0.5	427.7
VI. Human rights and humanitarian affairs	209.3	21.4	10.2	230.7
VII. Public information	177.3	0.5	0.4	177.8
VIII. Common support services	517.4	3.5	0.7	520.9
IX. Internal oversight	31.3	0.2	0.6	31.5
X. Jointly financed administrative activities and special expenses	104.4	0.8	0.8	105.2
XI. Capital expenditures	76.4	(22.0)	(28.8)	54.4
XII. Safety and security	191.3	1.6	0.8	192.9
XIII. Development Account	14.0	—	—	14.0
XIV. Staff assessment	405.6	6.7	1.7	412.3
Regular budget established activities 2008-2009	**3 466.1**	**14.4**	**0.4**	**3 480.5**
Provision for special political missions	373.4	284.6	76.2	658.0
Total	**3 839.5**	**299.0**	**7.8**	**4 138.5**

[a] Includes the initial appropriation (General Assembly resolution 60/247), subsequent revised appropriations (General Assembly resolution 60/281, General Assembly resolution 60/283) and commitments approved by the General Assembly (A/60/608/Add.5 and A/60/721).